Comments on Candidate Performance on Taxation (March 2018)

Overall, most candidates appear to have fully understood the situations presented in the cases. The majority of candidates were able to sufficiently address, analyze and discuss the directed requirements of the cases and also provided responses with an appropriate balance of quantitative and qualitative analysis.

While most candidates appropriately demonstrated their technical knowledge when addressing the required elements of the case, some candidates appeared to struggle with the technical knowledge required to provide a complete and accurate analysis. Specifically, certain candidates appeared to struggle with identifying all of the criteria for claiming the lifetime capital gains exemption. Many candidates also struggled to identify or discuss the presence of a personal services business or the application of s. 84.1 to the relevant scenarios presented in the cases.

Comments on Skills

Assess the Situation: While most candidates identified and/or attempted to address all of the required elements of the cases it appears that certain candidates would have benefited from spending additional time planning their responses to ensure all required elements of the cases were being sufficiently addressed and that case facts needed to address these required elements were also being identified. For example, even though the cases directed candidates to recommend between two alternative approaches, certain candidates only addressed one of the two options, therefore resulting in an incomplete response. In addition, it appears that certain candidates may have not have allocated sufficient time to fully address the required elements of each case. When planning their response, candidates are encouraged to carefully allocate their time to allow for an appropriate balance between each case.

Analyze Major Issue(s): Candidates varied widely in their analysis of the issues. While most candidates provided a rich analysis of the issues, some candidates provided a very superficial analysis that would not be useful for their client. For example, many candidates failed to identify all of the relevant criteria applicable to the lifetime capital gains exemption.

Conclude and Advise: Despite the cases specifically requesting a recommended course of action, many candidates failed to provide an overall conclusion or recommendation to the specific requests of the case. In some instances, conclusions were unsupported and/or did not align with a candidate's analysis.

Communicate: Nearly all candidates adequately communicated within their response. Language used was appropriate and quantitative information was well presented.

CPA Mindset: While the majority of candidates provided professional responses catered to their client by properly applying case facts in order to add depth to their response, certain candidates failed to do so and instead provided discussions which were incomplete or of limited value since not all relevant case facts were being considered in their analysis. This resulted in generic responses which, for example, would have been of limited value to their client.